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Legislation exempting business research funds from state taxes on the way to the governor

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LANSING –Michigan's workforce and resources will be more attractive to research companies thanks to a new economic development incentive on its way to the governor's desk, said Sen. Gerald Van Woerkom, R-Norton Shores.

Senate Bill 1116, sponsored by Van Woerkom, would provide relief to small businesses by exempting them from paying state taxes on government-funded research grants.

"Small companies that receive research grants are expanding and could play an important role in the economic growth of Michigan communities," Van Woerkom said. "I hope the governor signs this important bill and provides workers across the state with the opportunity to welcome research companies into their communities."

The bill is a key component of Republican JOBS Action Plan designed to create new jobs, save existing jobs and promote a more competitive business climate in Michigan.

SB 1116 aims to encourage high-tech research companies to come to Michigan by exempting their research grants from their Single Business Tax liability. Such companies often receive start-up funding from federal grants, which are then taxed by the state. Ironically, the firms cannot use any of the grant money to pay their taxes.

"This is another big step forward on the path to a more common-sense tax structure in Michigan and a stronger economy," said Senate Majority Leader Ken Sikkema, R-Wyoming. "A member of the governor's cabinet recently said if there was one thing that could be done to help the economy, it was that people should 'be entrepreneurial, start your own business, create your own widget.' That's an encouraging endorsement of legislation like SB 1116, and a good sign that another part of the JOBS Action Plan won't fall victim to the governor's veto pen."